ANNUAL STATEMENT

1957

LAKE OF THE WOODS MILLING COMPANY LIMITED

The Keewatin Flour Mills Company, Limited, The Medicine Hat Milling Company, Limited and Sunset Manufacturing Company, Limited

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President and General Manager
R. R. HUTCHISON

Vice-President
ROSS CLARKSON

Directors

A. Atkins
Ross Clarkson
H. Norman Davis
R. R. Hutchison
D. A. MacInnes
R. R. MacDougall
J. M. Pearen
J. H. Pillman
J. W. Tait

Secretary ..... D. A. MacInnes
Treasurer ..... T. A. Raine

McGILL UNIVERSITY
AUG 22 1958

Transfer Agents—Crown Trust Company, Montreal and Toronto
Registrars—Montreal Trust Company, Montreal and Toronto

TO THE SHAREHOLDERS:

The Directors submit herewith the Balance Sheet and Profit and Loss and Surplus Account for the year ended August 31st, 1957.

Profit for the year, including profit on sale of fixed assets, also income from investments, amounted to	$455,630.45
From which was deducted:—	
Dividend of Seven Percent on the Preferred Stock of	105,000.00
Leaving balance added to Surplus Account of	$350,630.45

The Surplus Account has been charged with the amount of $99,249.49, being the net cost, after income tax saving, of payments pursuant to Pension Plans.

The Company share of the cost of Current Service of the Contributory Pension Plan, which commenced on September 1st, 1956, amounted to $82,809.16, and was charged to the operating profits of the year.

It will be seen that operating profits were better than those of the former year, and this notwithstanding a reduction in export sales.

The reduced volume on exports is largely due to the disturbing effect of the subsidy programme being carried out in the United States, which calls for unusual selling methods in disposing of surplus wheat.

The Working Capital increased during the year by $308,582.61, and now stands at $6,462,095.68.

The Directors wish to record their appreciation of, and to give thanks to, the employees for their loyal and efficient service.

ON BEHALF OF THE BOARD,

President.

LAKE OF THE WOODS MILLING COMPANY
LIMITED

LAKE OF THE WOODS M

THE KEEWATIN FLOUR MILLS COMPANY, LIMITED, THE MEDICINE HAT MIL

CONSOLIDATED BALANCE SHEET AS AT 31st AUGUST 1957
with comparative figures as at 31st August 1956

		1957	1956
CURRENT ASSETS:			
Cash on hand and in banks (Net)		$ 259,836.30	$ 562,715.58
Investments (market value 1957 — $97,488, 1956 — $104,165)		1.00	1.00
Accounts receivable, less reserve		3,032,374.41	2,926,793.09
Accounts receivable, Subsidiary Company		46,798.14	133,812.74
Account receivable, Affiliated Company		97,262.23	—
Advances for account of The Canadian Wheat Board		4,332,352.54	3,794,464.08
Inventories, valued at the lower of cost or market		1,509,486.97	1,771,735.50
Total Current Assets		9,278,111.59	9,189,521.99
CURRENT LIABILITIES:			
Bank loans, secured		1,934,000.00	1,753,000.00
Accounts payable		515,968.46	830,788.01
Amount due to Parent Company		178,493.92	298,448.17
Provision for Federal, Provincial and Municipal Taxes		187,553.53	153,772.74
		2,816,015.91	3,036,008.92
Working Capital		6,462,095.68	6,153,513.07
OTHER ASSETS:			
Investment in operating Subsidiary Companies, at cost, less amount written off		1,489,108.12	1,488,108.12
Other investments		41,043.62	47,946.75
Prepaid expenses		85,788.98	136,568.94
PROPERTY ACCOUNT:			
Land, Water Power, Buildings, Machinery and Equipment at cost, less depreciation applied	$7,709,794.48		
Less: Reserve for depreciation	3,888,906.20	3,820,888.28	3,821,406.84
Goodwill, Trade Marks, etc.		250,000.00	250,000.00
Excess of Assets over Liabilities		$12,148,924.68	$11,897,543.72
SHAREHOLDERS' EQUITIES:			
Preferred Stock— Authorized, Issued and Fully Paid— 15,000 seven percent Cumulative Preferred Shares of $100.00 each		$ 1,500,000.00	$ 1,500,000.00
Common Stock— Authorized—200,000 shares of no par value. Issued—147,689 shares	$2,953,780.00		
Earnings retained for use in business—Earned Surplus	7,695,144.68	10,648,924.68	10,397,543.72
		$12,148,924.68	$11,897,543.72
CONTINGENT LIABILITY:			
On Customers Paper under discount		—	$ 148,056.90

Approved on behalf of the Board:

ROSS R. HUTCHISON
ROSS CLARKSON
} Directors.

LLING COMPANY, LIMITED

ING COMPANY, LIMITED, AND SUNSET MANUFACTURING COMPANY, LIMITED

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st AUGUST 1957
with comparative figures for the year ended 31st August 1956

		1957	1956
Earnings from operations before deductions enumerated below		$ 870,193.84	$ 692,738.97
ADD:	Investment income	7,108.99	4,934.71
	Dividends from operating Subsidiary Company	105,725.00	129,908.75
	Profit on sale of Fixed Assets	21,864.86	173,566.22
		1,004,892.69	1,001,148.65
DEDUCT:	Depreciation	200,954.69	198,844.53
	Legal Fees	992.98	860.13
	Executive Salaries	40,763.11	58,916.12
	Directors' Fees	7,421.21	6,943.19
		250,131.99	265,563.97
		754,760.70	735,584.68
Provision for Estimated Income Tax		299,130.25	202,208.38
Net Income for year, carried to Statement of Earned Surplus		$ 455,630.45	$ 533,376.30

NOTE: The total remuneration received by Officers and Directors from the operating Subsidiary Company amounted to $11,333.45 in 1957 and $10,799.84 in 1956.

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st AUGUST 1957
with comparative figures for the year ended 31st August 1956

			1957	1956
Balance at previous 31st August			$7,443,763.72	$6,972,018.79
ADD:	Reserves no longer required		—	400,133.23
			7,443,763.72	7,372,152.02
DEDUCT:	Provision for contribution to Benefit Fund with respect to past service		—	150,000.00
			7,443,763.72	7,222,152.02
DEDUCT:	Payment pursuant to pension plan	$236,339.14		
	Less: Income tax saving thereon	137,089.65	99,249.49	
			7,344,514.23	7,222,152.02
ADD:	Net income for year as per Statement of Income and Expenditure		455,630.45	533,376.30
			7,800,144.68	7,755,528.32
DEDUCT:	Dividends:			
	On Preferred Stock		105,000.00	105,000.00
	On Common Stock		—	206,764.60
			105,000.00	311,764.60
Balance per Consolidated Balance Sheet			$7,695,144.68	$7,443,763.72

TO THE SHAREHOLDERS,
LAKE OF THE WOODS MILLING COMPANY, LIMITED.

We have examined the books and accounts of Lake of the Woods Milling Company, Limited, The Keewatin Flour Mills Company, Limited, The Medicine Hat Milling Company, Limited, and Sunset Manufacturing Company, Limited, for the year ended 31st August 1957.

The dividends paid by the operating Subsidiary Company exceeded its earnings by $66,595.66.

The inventories of stocks on hand have been determined and certified correct by responsible officials of the Companies, and we have satisfied ourselves that the basis of valuation is as stated.

We have obtained all the information and explanations we have required and, in our opinion, the attached Consolidated Balance Sheet as at 31st August 1957, is properly drawn up so as to exhibit a true and correct view of the state of the Combined Companies' affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Companies.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

MONTREAL, 22ND OCTOBER, 1957.